John C. Hellmann
President and Chief Executive Officer

VIA FACSIMILE and FEDEX

September 13, 2007

Mr. Charles D. Nottingham
Chairman
Surface Transportation Board
Washington, D.C. 20423-0001

RE: Rail Service Demands

Dear Chairman Nottingham:

I am writing in response to your letter of August 16, 2007 with respect to rail service demands.

Based on the light traffic density of Genesee & Wyoming's (GWI) U.S. railroads and our ongoing dialogues with customers, we do not expect to experience any material capacity constraints on our rail lines for the remainder of 2007. Moreover, we expect that our merchandise carload traffic will continue to be flat or lower than our 2006 traffic, as lumber shipments are weaker due to the soft housing market and paper shipments are lower due to a weak newsprint market as well as changing shipment patterns. This is unfortunate given that we have the track infrastructure and the equipment to handle significant increases in carload volume from our customers.

As we advance our 2008 capital planning process, it may be useful to highlight some of the infrastructure investment priorities for five of GWI's six U.S. regions that will increase or maintain important capacity. Please note that our sixth U.S. region, Rocky Mountain, does not own substantial track assets.

1. Oregon Region: The most significant track capacity investment in 2007-08 relates to a new ethanol plant located in Port Westward, Oregon which will start to receive unit trains of corn on our Astoria branch line starting in 2008.

2. Rail Link Region: The most significant track capacity investment in 2007-08 relates to a new container terminal in Portsmouth, Virginia for which we will handle intermodal traffic for 16 miles on our Commonwealth Railway before Class I interchange starting later in 2007.

3. Southern Region: The most significant track capacity priority remains the Meridian & Bigbee ("M&B") which operates between Meridian, Mississippi and Montgomery, Alabama. The track investment supports a haulage agreement with Kansas City Southern

Genesee & Wyoming Inc. 66 Field Point Road, Greenwich, Connecticut 06830 203-629-3722 Fax 203-661-1106

and CSX for which we spent more than the $4 million in 2006, as outlined in our letter to Chairman Buttrey last year. In 2007, we expect to invest an additional $8 million in the M&B track with particular focus on trestles and bridges. In 2008, we plan to continue to invest significant capital in the M&B infrastructure, assuming the continuation of haulage traffic. Note that we acquired the M&B in June of 2005 and our significant investment in track capacity reflects the railroad's new importance as an alternate route to the Gulf Coast following Hurricane Katrina.

4. Illinois Region: The most significant track capacity investment is the continuation of our multi-year trestle replacement program to support unit coal train traffic to several major power plants.

5. New York-Pennsylvania Region: The most significant track capacity priority is the upgrade of a recently acquired track segment in Western Pennsylvania which handles unit coal trains to a major power plant.

In reviewing our track capacity priorities, I would like to emphasize that the extension of the short line tax credit beyond 2007 would provide important support to both the general projects outlined above and other future investment in our track infrastructure.

Finally, GWI operates certain rail lines that could be of greater strategic value to the U.S. rail network if public–private partnerships were developed to expand our ability to improve rail infrastructure. First, as noted above, the M&B is a natural extension of Kansas City Southern's Meridian Speedway, providing a direct rail route connecting the southeastern U.S. to Texas and Mexico. This line provides an additional public benefit of being less at risk from hurricanes reaching the Gulf Coast than other east – west rail routes in the region. Second, our Oregon Electric route between Portland and Eugene, Oregon parallels the highly congested I-5 corridor. This primary north – south corridor is reaching both highway and rail capacity. With a higher level of investment, the Oregon Electric route could provide immediate capacity relief. Ultimately, both the M&B and the Oregon Electric have the potential to provide relatively low-cost rail capacity in key U.S. corridors.

If you have any further questions, please feel free to call me anytime. Thank you for your interest.

Sincerely,

John C. Hellmann

John C. Hellmann
Chief Executive Officer

cc: Mr. Richard F. Timmons